

S
342.786
C1CP
NO. 7 1972
1



STATE DOCUMENTS

FEB 22 1972

MONTANA CONSTITUTIONAL CONVENTION

1971-1972

REVENUE AND FINANCE

COMMITTEE PROPOSAL ON CONSTITUTIONAL REVISION

No. III

Date Reported: February 18, 1972

Sterling L. S., CHAIRMAN

Maurice Russell, VICE CHAIRMAN

MONTANA STATE LIBRARY
930 East Lyndale Avenue
Helena, Montana 59601

TABLE OF CONTENTS

	<u>Page</u>
LETTER OF TRANSMITTAL.....	1
INTRODUCTION.....	2
TEXT OF MAJORITY PROPOSAL.....	11
COMMENTS ON MAJORITY PROPOSAL.....	16
Section 1. Public Purpose.....	16
Section 2. Surrender Clause.....	16
Section 3. Property Tax Administration.....	17
Section 4. Equal Valuation.....	19
Section 5. Property Tax Exemptions.....	19
Section 6. Highway Earmark.....	21
Section 7. Tax Appeals Board.....	23
Section 8. State Indebtedness.....	25
Section 9. Balanced Budget.....	27
Section 10. Local Government Indebtedness.....	27
Section 11. Use of Borrowed Funds.....	28
Section 12. Strict Accountability.....	28
Section 13. Investment of Public Funds.....	29
Section 14. Agricultural Levies.....	31
MINORITY COMMENT ON PROPOSED SECTION 5.....	33
MINORITY COMMENT ON PROPOSED SECTION 13.....	36

Page

APPENDIX

Roll Call Vote on Majority Proposal.....	39
Proposals Considered by Committee.....	40
Witnesses Heard by Committee.....	41
Roll Calls on Minority Proposals.....	48

Date: February 18, 1972
To: MONTANA CONSTITUTIONAL CONVENTION
From: Revenue and Finance Committee

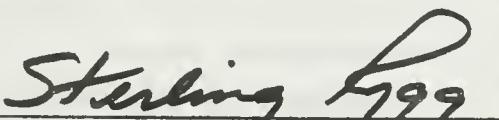
Ladies and Gentlemen:

The Revenue and Finance Committee submits herewith a proposed new Revenue and Finance Article which combines Articles XII, XIII and XXI of the present constitution. The proposed article is intended to replace all sections of those articles, removing some provisions entirely, condensed the language of other provisions, retaining the intent of some sections, and adding new revenue sections.

The members of this committee, by signing the majority report, do not necessarily endorse each and every statement contained therein; and minority reports on various sections are also presented in this report.

The committee utilized the testimony of many witnesses. It is also indebted to the delegates for the many proposals in the revenue and finance area.

The committee wishes to express its thanks to Roger A. Barber, its Research Analyst; Dennis Burr, its consultant from the Department of Revenue; Karen Holliday, its secretary; and Randall Gray, Blake Johnson and Edwin Shannon, its Student Interns.



Sterling Rygg, Chairman



Maurice Driscoll, Vice Chairman

INTRODUCTION

1 The delegates to the Constitutional Convention are
2 charged with rewriting the basic governmental structure
3 and legal document of the State. The guiding principle
4 during these deliberations has been a clean, simple
5 document, limited to those basic principles and doctrines
6 important enough to be frozen in constitutional ice. Some
7 committees, of necessity, had to come up with constitutional
8 articles. The Executive, Legislative and Judiciary Com-
9 mittees had to establish the basic framework for those three
10 traditional branches of government. The Bill of Rights Com-
11 mittee had to develop certain fundamental principles and
12 rights guaranteed to the people by their government.

13 The Revenue and Finance Committee approached its task
14 with a different attitude. From a pure, theoretical view-
15 point, the constitution does not have to say a thing about
16 taxation. That suggestion was made to the committee on at
17 least two occasions. The reason is simple--the power to
18 tax is an inherent power of the state, a power already
19 possessed by the state without any grant of authority. Any-
20 thing in a state constitution on the subject of taxation is
21 either redundant (reiterating a power already possessed by
22 the state) or restrictive.

23 The majority report contains provisions of both philo-
24 sophies. Some of the proposed sections simply state a
25 power already possessed by the legislature--but repeated
26 because of its importance to proper governmental operation
27 or to the protection of the people. Other sections were
28 specifically included to restrict the state's taxing or
29 revenue powers.

30 The majority report reflects the committee's approach

1 to its deliberations. Assigned three articles from the
2 present constitution--containing 42 sections--the committee
3 recommends a condensed, single article of only 14 sections.
4 Naturally, that means the committee eliminated or abandoned
5 many sections in the present constitution. For the conven-
6 ience of the convention, the following enumeration shows
7 what happened to those sections and why.

8 ARTICLE XII

9 Section 1. Eliminated. The state already possesses
10 the power to levy particular kinds of taxes and license
11 fees. The constitution does not need to list those tax
12 programs. The committee also did not feel that the con-
13 stitution should require taxation of all property.

14 For 80 years, the constitution required taxation of
15 all property. That mandate was difficult to live up to.
16 The reporting procedure utilized for taxation of household
17 property did not insure its complete taxation. Stocks
18 and bonds frequently escaped detection. The requirement
19 of complete property taxation often encouraged dishonesty.
20 The proposed article removes those problems--the legisla-
21 ture shall decide what property to tax and how to tax it.
22 The legislature may decide that other types of taxation
23 are more equitable and may reach kinds of property not
24 touched by the property tax now.

25 Section 1a. Eliminated. Again, it is unnecessary
26 to specify particular tax programs in the constitution.

27 The provision earmarking income tax revenues for
28 education and the general fund was removed for two reasons:
29 1) the committee wanted to avoid earmarking of funds as
30 much as possible, and 2) the present language does not

1 specify how much of the income tax revenues should go to
2 education. By statute, 25 percent of those funds are
3 presently dedicated, but technically, one dollar of the
4 total income tax revenues would satisfy the section la
5 requirement. The committee felt the earmark had little
6 force and was best eliminated.

7 Section 1b. Proposed section 6, with modifications,
8 covers this section.

9 Section 2. Proposed section 5, with some changes,
10 covers tax exempt property.

11 Section 3. Eliminated. The legislature should
12 determine methods and procedures for taxing minerals. The
13 committee heard conflicting testimony on the most equitable
14 kind of tax to impose on metal mines, coal, oil and gas.
15 Therefore, the decision should be left to legislative deter-
16 mination.

17 The committee recommends that the legislature give
18 serious consideration to retention of the present statute
19 providing for a net proceeds tax in lieu of the property
20 tax on minerals in place. The legislature has done a good
21 job of developing fair and equitable taxation of Montana
22 minerals. It should be given full discretion to continue
23 that program. The committee also recognizes the importance
24 of legislative flexibility to meet the needs of changing
25 times. If the legislature should decide that net proceeds
26 are no longer the best method of mineral taxation, it
27 should also remember the dislocation to local government
28 revenues that would be caused by such a change.

29 Section 4. Eliminated. The prohibition on state
30 aid to local governments is no longer justified. If the

1 legislature wants to assist local governments, it should be
2 free to do so and should not have to resort to subterfuge.
3 The legislature should not have to create artificial
4 loopholes, like the license fee system, to feed tax money
5 to local government units. That license fee exception
6 to the present state aid prohibition has caused trouble
7 for the legislature when it tries to establish a license
8 system; and troubles the courts when they must decide
9 whether the revenue program is really a license system.
10 The legislature has also tried to get around the prohi-
11 bition by creating programs of a "state governmental
12 nature" such as the recent sewerage treatment aid program.
13 That concept is a nebulous creature, and may thwart
14 otherwise acceptable programs that fail to attain the
15 proper state government statute.

16 The question of local government taxing authority is
17 covered by the Local Government Committee. Nothing in
18 the proposed revenue article is meant to restrict the
19 legislature from granting taxing authority to local
20 governments or of local governments from having such
21 authority.

22 Section 5. The question of local government taxing
23 powers is covered by the Local Government Committee.
24 The second clause of this section is covered by proposed
25 section 4.

26 Section 6. The intent of this section is covered by
27 proposed section 2.

28 Section 7. The intent of this section is covered by
29 proposed section 2.

30 Section 8. This guarantee is already established in

1 the Federal Constitution, the supreme law of the land.

2 Repetition of the guarantee at the state level is unnecessary.

3 Section 9. The two-mill limitation on state property
4 taxes has been removed, primarily in an effort to comply
5 with the Serrano school finance case from California.

6 Although Serrano is not yet the law in the United States,
7 and a similar decision has not been upheld in Montana
8 courts, the constitution is not a document for today only.
9 The framers of this constitution must be forward-looking
10 and future-oriented.

11 The committee has heard conflicting testimony on the
12 Serrano case and its application to the Montana situation.
13 But the overwhelming weight of the evidence indicates its
14 applicability. The committee simply had to face the
15 possibility that Montana may have to levy a statewide prop-
16 erty tax for educational purposes. That possibility was
17 strengthened by the acceptance of the Serrano doctrine
18 in Texas, Minnesota and New Jersey.

19 The committee was also concerned with the present
20 use of the two-mill statewide property tax levy. The levy
21 is used now as a backstop measure, imposed to bring in
22 additional revenues when other methods fail. Quite often
23 the decision to impose the levy is made for political,
24 rather than economic, reasons.

25 The intents of the four-mill livestock levy is
26 covered in proposed section 14.

27 Section 10. Eliminated. The intent of this section
28 is covered, in general terms, in proposed section 12.
29 Specifics are better left to the legislature, however.

30 Section 11. The first sentence is now proposed

1 section 1. The uniformity philosophy in the second
2 sentence was eliminated, primarily because uniformity of
3 taxation is already required of the states through the 14th
4 Amendment to the United States Constitution. The pro-
5 viso also unnecessarily thwarts taxation programs, and
6 has caused considerable consternation in other states. The
7 Pennsylvania Supreme Court invalidated an inheritance
8 tax program as violative of the uniformity provision. The
9 Illinois uniformity clause was interpreted to prohibit a
10 graduated income tax in that state.

11 Section 12. The "balanced budget" philosophy of
12 this section is retained in proposed section 9.

13 Section 13. Eliminated. The intent of this section
14 is covered, in general terms, in proposed section 12.
15 Details should be left to the legislature.

16 Section 14. Eliminated. The intent of this section
17 is covered, in general terms, in proposed section 12. The
18 legislature should establish the procedures by statute.

19 Section 15. Property taxation procedures are covered
20 in proposed section 3--the state is now responsible for
21 appraisal, assessment and equalization. Provisions con-
22 cerning the structure of the property taxation system are
23 better left to the legislature. Only that body can judge
24 the needs of future taxpayers, and establish procedures
25 that best suit those needs. It is unnecessary to freeze
26 such administrative detail in a constitution.

27 The committee does recommend a comprehensive review
28 procedure for Montana taxpayers in proposed section 7.
29 The recommendation establishes an appeal board separate
30 and distinct from the tax administrative agencies. Because

1 this independent appeal program is new to Montana, the
2 committee's recommendation on that part of the state tax
3 structure is relatively detailed.

4 Section 16. Proposed section 3 covers the assess-
5 ment of property. The detail in this section is no longer
6 necessary.

7 Section 17. Eliminated. The philosophy of the
8 proposed article on revenue and finance is faith in the
9 long-term judgement of future legislatures in matters
10 of taxation and finance. The legislature should enjoy the
11 flexibility necessary to create and develop equitable
12 tax programs. That assembly should not be limited to
13 particular approaches in raising revenue. The proposed
14 article does not require taxation of all property--and
15 consequently, makes no attempt to define that term.

16 Section 18. Eliminated. The legislative assembly
17 already possesses that power.

18 ARTICLE XIII

19 Section 1. The "lending of credit" proviso is
20 essentially a public purpose question. The Montana Supreme
21 Court has equated the two concepts in its numerous inter-
22 pretations of the "lending of credit" clause. Public
23 purpose is covered in proposed section 1. The remainder
24 of this section is concerned with government ownership of
25 corporate stocks and bonds. That concept is an investment
26 question, which is covered in proposed section 13.

27 Section 2. The new state indebtedness provision is
28 covered in proposed section 8.

29 Section 3. The intent of this section is covered in
30 proposed section 11.

1 Section 4. Eliminated. The committee felt that the
2 legislature should not be bound in this way. After much
3 consideration by the committee, it was concluded that if the
4 state were permitted to back local government bonds with
5 its (the state's) full faith and credit, the interest rates
6 on those bonds could be lower.

7 Section 5. Local government indebtedness is covered
8 by proposed section 10.

9 Section 6. Local government indebtedness is covered
10 by proposed section 10.

11 ARTICLE XXI

12 The committee is proposing an entirely new section on
13 investment of public funds, a short provision that com-
14 pletely replaces all of Article XXI. That article is
15 outdated and obsolete. In fact, it has been largely
16 useless since its inclusion in the constitution in 1924.
17 As originally established; Article XXI created three per-
18 manent revenue funds for the state to be funded by money
19 grants of at least \$250. Those three funds have never
20 existed, principally because the interest from the funds
21 could not be distributed until the principal reached
22 ridiculously high amounts. (\$100 million and \$500
23 million). Benefactors to the state simply were not
24 willing to tie their money up in that way. Because of the
25 nonexistent nature of those three funds, all of the sec-
26 tions that refer to them in Article XXI are useless.

27 If the public school fund and other land grant funds
28 had not been added to the Trust and Legacy Fund in 1938,
29 the entire article would presently have no affect. But
30 that incorporation did give the article heretofore invisible

1 life. Treatment of the public school fund is already taken
2 care of in Article XI and the Enabling Act, however, so the
3 committee saw no reason to retain the constitutional
4 status of an otherwise hollow Trust and Legacy Fund. The
5 fund will not be eliminated entirely by its removal from
6 the constitution. It will still exist by statute.

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

MAJORITY REPORT

1 BE IT PROPOSED BY THE REVENUE AND FINANCE COMMITTEE:

2 That there be a new Article on Revenue and Finance to
3 read as follows:

4

5 ARTICLE _____

6 REVENUE AND FINANCE

7 Section 1. PUBLIC PURPOSE. Taxes shall be levied by general
8 laws for public purposes.

9 Section 2. SURRENDER CLAUSE. The power of taxation shall
10 never be surrendered, suspended, or contracted away.

11 Section 3. PROPERTY TAX ADMINISTRATION. Property which is
12 to be taxed shall be appraised, assessed and equalized by the
13 state in the manner prescribed by law.

14 Section 4. EQUAL VALUATION. The assessed valuation of
15 property to be taxed in any taxing jurisdiction shall be the
16 same valuation as the valuation for state and county purposes.

17 Section 5. PROPERTY TAX EXEMPTIONS. The property of the
18 United States, the state, counties, cities, towns, school
19 districts, municipal corporations, and public libraries may be
20 exempt from taxation, but any private interest in such property
21 may be taxed separately. Property used exclusively for educa-
22 tional purposes, places for actual religious worship, hospitals
23 and places of burial not used or held for private or corporate
24 profit, institutions of purley public charity, may be exempt
25 from taxation. Certain classes of property may be exempt
26 from taxation. The Legislative Assembly may authorize
27 creation of special improvement districts for capital im-
28 provements and the maintenance of capital improvements and
29 the assessment of charges therefor, against tax exempt pro-
30 perty directly benefited thereby.

1 Section 6. HIGHWAY EARMARK. Revenue, except from general
2 sales and use taxes, from excise and license taxation on gaso-
3 line, fuel and other energy sources derived as a result of the
4 propulsion of vehicles on public highways, and gross
5 vehicle weight fees, shall be used solely for the payment
6 of obligations incurred for construction, reconstruction,
7 repair, operation, and maintenance of public highways,
8 streets, roads and bridges and for county, city and town
9 obligations on streets, roads and bridges, after the
10 deduction of funds for enforcement of highway safety,
11 driver education, tourist promotion and for administrative
12 and collection costs as authorized by the legislative
13 assembly. By a three-fifths vote of the members of each
14 house of the legislative assembly or by initiated measure
15 approved by a majority of the electorate, such dedicated
16 funds may be appropriated for other purposes.

17 Section 7. TAX APPEALS BOARD. The State Board of Tax
18 Audit and Appeals shall be composed of five members, who shall
19 be appointed by the governor, by and with the advice and consent
20 of the Senate (Legislative Assembly). The Legislative Assembly
21 shall divide the state into five districts as equal as
22 practical in population of citizens and a member of such
23 board shall be a resident of each of said districts. Each
24 member shall hold his office for a term of five years, and
25 until his successor shall have been appointed and quali-
26 fied. In case of a vacancy, the person appointed to fill
27 such vacancy shall hold office for the unexpired term in
28 which the vacancy occurs. The first five members appointed
29 to said board shall determine their respective terms by
30 lot so that a term of office shall expire each succeeding

1 year thereafter. Other qualifications, and salaries of
2 members, shall be as provided by law; provided, however,
3 that such members shall be so appointed that the Board
4 will not be composed of more than three members who are
5 affiliated with the same political party or organization;
6 provided, further, that each member shall devote his
7 entire time to his duties of office and shall not hold any
8 position of trust or profit, or engage in any other occu-
9 pation or business, or serve on or under any committee of
10 any political party or organization or candidate for office,
11 and each member shall file with the Secretary of State,
12 annually, a full, detailed and complete disclosure of his
13 financial condition.

14 The State Board of Tax Audit and Appeals shall have
15 appellate jurisdiction of individual appeals of all
16 divisions of the administrative agency of the state
17 carrying out the provisions of Section 3 of this article
18 in order to insure that all taxes are administered accord-
19 ing to law. Such individual appeals may be for the under-
20 valuation and over-valuation and assessment of the appel-
21 lant's property, or any other taxpayer's property. The
22 Board shall also have appellate jurisdiction of individual
23 appeals of other divisions of State and local agencies
24 related to license and excise taxation as may be provided
25 by law. The Board shall have the right to audit the State
26 administration agency to ascertain instances of under-
27 valuation or over-valuation of property to be taxed and
28 publish its findings thereof. The Legislative Assembly
29 may prescribe by law other duties to be performed by such
30 Board and may provide that minor appeals, as defined by

1 law, may be adjudicated by a single Board member in the
2 county where the property is located, or the taxpaying
3 citizen resides, or as the case may be.

4 Section 8. STATE INDEBTEDNESS. No state debt shall
5 be created unless authorized by a three-fifths vote of the
6 members of both houses of the Legislative Assembly. State
7 debt cannot be created to cover deficits incurred when
8 appropriations exceed anticipated revenue during any
9 budget period.

10 Section 9. BALANCED BUDGET. Appropriations by the
11 Legislative Assembly shall not exceed anticipated revenues
12 during any budget period.

13 Section 10. LOCAL GOVERNMENT INDEBTEDNESS. The
14 Legislative Assembly shall enact limits of indebtedness
15 for subdivisions and districts of the state.

16 Section 11. USE OF LOAN PROCEEDS. All money borrowed
17 by or on behalf of the state, or any subdivision or district
18 of the state, shall be used only for the purpose or
19 purposes specified in the law authorizing the loan.

20 Section 12. STRICT ACCOUNTABILITY. The Legislative
21 Assembly shall enact the necessary laws to insure strict
22 accountability of all revenues received and money spent
23 by the state, subdivisions and districts thereof.

24 Section 13. INVESTMENT OF PUBLIC FUNDS. The
25 Legislative Assembly shall provide for a unified investment
26 program for public funds and prescribe the rules and
27 regulations therefor, including the supervision of invest-
28 ment of surplus funds of all subdivisions and districts of
29 the state. The separate existence and identity of each
30 and every fund involved as a part of the unified investment

1 program shall be strictly maintained. An audit of the
2 investment program shall be conducted at least annually
3 and submitted to the Governor, Legislative Assembly and
4 Chief Justice of the Supreme Court.

5 Section 14. AGRICULTURAL LEVIES. A special levy may
6 be made on livestock and agricultural commodities for the
7 purpose of disease control and indemnification, predator
8 control, livestock inspection and protection, agricultural
9 inspection and protection, livestock and agricultural
10 commodity research and promotion.

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

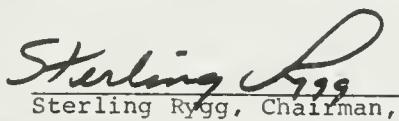
26

27

28

29

30


Sterling Rygg, Chairman,


Maurice Driscoll, Vice Chairman

William Artz

Russell McDonough

Earl Berthelson

Mike McKeon

Dave Drum

Roger Wagner

Noel Furlong

COMMENTS ON THE MAJORITY PROPOSAL

1 *Section 1. Taxes shall be levied by general laws for*
2 *public purposes.*

3 COMMENTS

4 The broad language of proposed section 1 is meant to
5 replace the specific tax base provisions in present Article
6 XII. The new section speaks only of "taxes". Provisions
7 in the present constitution specify particular kinds of
8 revenue measures like property taxes, license fees, income
9 taxes and mining taxation. That kind of enumeration is un-
10 necessary; the state already possesses the power to levy any
11 kind of tax it wants to. Enumeration of specific kinds of
12 tax programs is also unwise. Courts, as a rule of construc-
13 tion, often hold that the listed measures or provisions are
14 in lieu of all unlisted measures. In other words, the list
15 tends to become exclusive.

16 The proposed section also establishes two well-recognized
17 and important protections-requirements that taxes be estab-
18 lished by general laws for public purposes only.

19 The requirement of general laws for public purposes
20 extends to all tax programs, both state and local. Although
21 those two requirements are already imposed on the state by
22 the federal constitution, repetition in the state document
23 emphasizes their importance.

24 *Section 2. The power of taxation shall never be*
25 *surrendered, suspended, or contracted away.*

26 COMMENTS

27 The shortened language of proposed section 2 replaces
28 the detailed provisions of present sections 6 and 7 in
29 Article XII. The proposed section is frequently found in
30 newer constitutions, and is included as a reminder to the

1 legislative assembly. The power of taxation is the most
2 important power a governmental body possesses, and should
3 not be lightly dismissed or bargained away.

The provision is not intended to prevent the state from delegating taxing powers to local governments. Nor is this section meant to deprive the legislature of its discretion to tax or not to tax or exempt classes of property.

8 Section 3. Property which is to be taxed shall be
9 appraised, assessed, and equalized by the state in the manner
10 prescribed by law.

COMMENTS

This new section is a progressive change from present taxation provisions. It embodies the committee's recommendation on property tax administration, which was previously set out in great detail in present section 15 of Article XII. That old section, which established a two-tier system of assessment, equalization and review, would be replaced by a state-level system of appraisal, assessment and equalization. The details of that property tax system are not spelled out, again a departure from the specificity of present section 15. The details of any tax administration system should be left to the legislature, which is best qualified to develop the most efficient, modern and fair system necessary for the needs of the day. Tax administration should be established by the legislature and administered by the executive branch of government, not by a constitutional board which is immune to control by all three branches of government and immune from control by the people. A constitutionally enshrined board is less answerable for its activities and is freer to ignore the

1 mandates and directives of the legislative assembly.

2 Property appraisal and property tax assessment and
3 equalization must be conducted by a state agency, however.
4 The committee heard reams of testimony concerning the
5 inadequate job of assessment and tax equalization in the
6 state. The intent of the committee is that this change
7 will establish qualified, professional appraisal and
8 appraisal procedures, and will insure the equalization of
9 taxes across the entire state.

10 Hopefully, the inequalities that presently exist
11 within taxing districts and between taxing districts can
12 be avoided if accountability is in some state agency.
13 Testimony also leads the committee to believe that
14 pressures and temptations for under-valuation and under-
15 assessment presently exist at the local level. The
16 current operation of the school foundation program
17 encourages under-valuation of local property. When such
18 under-valuation exists, the state pours in more money for
19 educational purposes.

20 Hand-in-hand with the concept of a professionalized,
21 responsive tax administrator is the need for independent
22 review of the administrator's actions. The committee has
23 created the machinery for that review function in its
24 proposed Section 7. That proposal is a sharp change from
25 the present constitutional tax administration structure
26 which combines both the administrative and adjudicating
27 functions in one agency. True equity requires the
28 separation of those responsibilities.

29 The need for statewide administration of the property
30 tax was probably brought into sharpest focus by the torrent

1 of testimony on Serrano v. Priest. If the state has to
2 go into funding of governmental programs, particularly
3 education, through a statewide property tax, the need
4 for efficient, equitable appraisal and assessment will be
5 intensified.

Section 4. The assessed valuation of property to be taxed in any taxing jurisdiction shall be the same valuation as the valuation for state and county purposes.

COMMENTS

The proposed section is similar in language and intent to present section 6 of Article XII. The provision guarantees that property will be assessed at the same value, despite the government that is levying the tax. In other words, property will be taxed at the same assessment for state, county or school district purposes. A school district cannot assess at a higher value. Such "equal" valuation between local governments is so important, the committee feels, that it should be guaranteed in the constitution.

20 Section 5. The property of the United States, the
21 state, counties, cities, towns, school districts, municip-
22 al corporations, and public libraries may be exempt from
23 taxation, but any private interest in such property may
24 be taxed separately. Property used exclusively for edu-
25 cational purposes, places for actual religious worship,
26 hospitals and places of burial not used or held for
27 private or corporate profit, institutions of purely public
28 charity, may be exempt from taxation. Certain classes
29 of property may be exempt from taxation. The legislative
30 assembly may authorize creation of special improvement

districts for capital improvements and the maintenance
of capital improvements and the assessment of charges
therefor, against tax exempt property directly benefited
thereby.

COMMENTS

The proposed section on property tax exemptions is different in at least four ways. Most of the present property exemptions are retained--agricultural and horticultural societies and mortgages are deleted. Those classes of property could be exempt from taxation if the Legislature so required. Deletion from the constitutional listing does not remove them from potential tax exemption. The new section permits taxation of private interests in government-owned property, closing a loophole in the present constitution. The proposed provision also permits assessment of special improvement district charges on tax-exempt property. The constitutionality of such charges is presently in doubt, although many such assessments are paid annually on tax-exempt property. The new provision simply legitimatizes that practice.

The most important change in the proposed section is the non-exclusive nature of the tax exempt list. Unlike the present constitution, the proposed article on Revenue and Finance does not require that all property be taxed. The proposed provisions are silent on the subject, leaving the scope and nature of taxation programs up to the Legislature. Property may be taxed or may be exempted by the Legislature. The permissible list of exemptions is not exclusive. The legislature may add to the list.

Section 6. Revenue, except from general sales and use taxes, from excise and license taxation on gasoline, fuel and other energy sources derived as a result of the propulsion of vehicles on public highways, and gross vehicle weight fees, shall be used solely for the payment of obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads and bridges and for county, city and town obligations on streets, roads and bridges, after the deduction of funds for enforcement of highway safety, drivers education, tourist promotion and for administrative and collection costs as authorized by the legislative assembly. By a three-fifths vote of the members of each house of the legislative assembly or by initiated measure approved by a majority of the electorate, such dedicated funds may be appropriated for other purposes.

COMMENTS

18 The proposed section on earmarking of funds for highway
19 purposes is similar to present section 16 of Article XII
20 in most respects. Three substantial changes have been made
21 in the scope and effect of that old section, however:

22 1.) The amount of money earmarked for the highway
23 fund has been changed. The old section dedicated
24 funds from fuel taxes, gross vehicle weight fees
25 registration fees and fees on the sale of new cars.
26 The proposed section only earmarks gasoline and fuel
27 taxes, and gross vehicle weight fees.

28 2.) The permissible uses of highway earmarked funds
29 have been expanded to include local government road
30 and street systems, highway safety programs and

1 driver education programs. The removal of the
2 state aid to local government restriction insures that
3 these road funds can be used to finance local govern-
4 ment road and street systems. The legislature will
5 now be free to make direct grants to local governments
6 instead of developing complicated bookkeeping devices
7 to get around the prohibition.

8 3.) The funds are not dedicated from now ad infinitum,
9 or until repeal by amendment or by another Constitu-
10 tional Convention. The proposed section permits
11 diversion of the earmarked funds to other purposes if
12 each house of the Legislative Assembly by a three-
13 fifths majority, approves such expenditure. In other
14 words, the primary responsibility for review, assess-
15 ment . . . and eventually, allocation . . . of highway
16 funds rests with the Legislature. That body is free
17 to change the earmark.

18 The Committee felt that retention of the anti-diversion
19 amendment was necessary at the present time. The amendment
20 is a recent addition to the constitution, overwhelmingly
21 approved by the voters in 1956. A large amount of Federal
22 matching money is still pouring into the state to finance
23 the interstate system and the local primary and secondary
24 highway systems. Extensive testimony indicates its
25 exclusion may well jeopardize the final product of this
26 Convention.

27 The committee was also concerned with the proper use
28 of gasoline and motor fuel tax revenues. Those taxing
29 programs were originally created to benefit the state
30 highway system. The committee felt that original purpose

1 should be maintained. The committee realizes that the time
2 may come when highway funds are no longer needed, at least
3 not at the level of current programs. In that case the
4 gasoline and fuel taxes should perhaps be allowed to diminish.
5 The committee would hate to create another situation like the
6 cigarette tax, which was originally set up to fund programs
7 and benefits for veterans. That tax has now been moved to
8 fund the Long Range Building Program and the General Fund.
9 In an effort to encourage the elimination of the gasoline
10 and motor fuel taxes when their usefulness is up, the
11 committee has tried to strengthen legislative control and
12 allocation over highway funds.

13 *Section 7. The State Board of Tax Audit and Appeals*
14 *shall be composed of five members, who shall be appointed*
15 *by the governor, by and with the advice and consent of the*
16 *Senate (Legislative Assembly). The legislative assembly*
17 *shall divide the state into five districts as equal as*
18 *practical in population of citizens and a member of such*
19 *board shall be a resident of each of said districts. Each*
20 *member shall hold his office for a term of five years, and*
21 *until his successor shall have been appointed and qualified.*
22 *In case of a vacancy, the person appointed to fill such*
23 *vacancy shall hold office for the unexpired term in which*
24 *the vacancy occurs. The first five members appointed to*
25 *said board shall determine their respective terms by lot*
26 *so that a term of office shall expire each succeeding year*
27 *thereafter. Other qualifications, and salaries of members,*
28 *shall be as provided by law; provided, however, that such*
29 *members shall be so appointed that the board will not be*
30 *composed of more than three members who are affiliated with*

the same political party or organization; provided, further, that each member shall devote his entire time to his duties of office and shall not hold any position of trust or profit, or engage in any other occupation or business, or serve on or under any committee of any political party or organization or candidate for office, and each member shall file with the Secretary of State, annually, a full, detailed and complete disclosure of his financial condition.

The State Board of Tax Audit and Appeals shall have appellate jurisdiction of individual appeals of all divisions of the administrative agency of the state carrying out the provisions of Section 3 of this article in order to insure that all taxes are administered according to law. Such individual appeals may be for the under-valuation and over-valuation and assessment of the appellant's property, or any other taxpayer's property. The board shall also have appellate jurisdiction of individual appeals of other divisions of state and local agencies related to license and excise taxation as may be provided by law. The board shall have the right to audit the state administration agency to ascertain instances of under-valuation or over-valuation of property to be taxed and publish its findings thereof. The legislative assembly may prescribe by law other duties to be performed by such board and may provide that minor appeals, as defined by law, may be adjudicated by a single board member in the county where the property is located, or the taxpaying citizen resides, or as the case may be.

COMMENT

28 The committee realizes the importance of a short
29 document. The introduction to this report emphasized the
30 committee's concern for brevity and clarity. But this

1 proposed Section 7 creates a new protection for the Montana
2 taxpayer, an independent tax appeal board. Because the
3 provision provides a new right, the structure, function and
4 jurisdiction of the board are spelled out in some detail.

5 The present section is proposed for a new con-
6 stitution because it establishes a guarantee never provided
7 for Montana taxpayers. Under the present tax administration
8 program, the same governmental bodies (County Boards of
9 Equalization and State Board of Equalization) that establish
10 revenue policies and procedures also sit in judgment on the
11 implementation of those procedures. Overwhelming testimony
12 to the committee indicates that the procedure does not
13 guarantee an independent, non-partial, objective review of
14 tax decisions. The Montana taxpayer needs some avenue of
15 recourse, besides the tax administrator or the courts, to
16 evaluate his tax treatment. The proposed section accomplishes
17 that objective by establishing an independent review procedure.

18 The constitution should not specify details of tax
19 administration. Present Section 15 of Article XII of the
20 Montana constitution creates an elaborate method of property
21 tax administration for the state, and demonstrates the
22 futility of including such detail in a constitution. When
23 the constitution was written in 1889, property taxes were
24 the sole source of revenue for the state. But like the
25 framers of 1889, this convention cannot foresee all the
26 changes in the state's revenue structure. The details of
27 that revenue administration should be left to the legisla-
28 ture, which can evaluate changes and create the best
29 structure to administer revenue programs.

30 *Section 8. No state debt shall be created unless*

1 authorized by a three-fifths vote of the members of both
2 houses of the legislative assembly. State debt cannot be
3 created to cover deficits incurred when appropriations
4 exceed anticipated revenue during any budget period.

COMMENTS

This section replaces the present state debt limitation established by Article XIII, Section 2. That old section created a \$100,000 debt limit for the state, with additional indebtedness as authorized by the electorate. The proposed section leaves the question of indebtedness entirely up to the legislature, requiring a three-fifths majority of the members-elect to create debt. The extraordinary majority requirement should insure careful consideration of any indebtedness proposal, and should prevent unnecessary programs.

The committee felt that some debt restriction should be placed on the legislature. A fixed dollar limit, like the present \$100,000-ceiling, is unrealistic and only encourages circumvention.

The committee does not possess the ability to forecast the economic future and fiscal capacity of the state. The committee was concerned with the problems involved in establishing a limitation that fluctuates with property valuations or state revenues. It feels the proposed provision will insure the viability of the Constitution for many generations.

The second sentence of this proposed section prevents the legislature from creating debt to balance the budget. While debt may be a viable tool in cases of catastrophe or extraordinary circumstances, the legislative assembly

should not be free to thwart the "balance budget" intent of proposed section 9.

Section 9. Appropriations by the legislative assembly shall not exceed anticipated revenues during any budget period.

COMMENTS

This proposed section is similar in effect to present section 12 of Article XII. It requires the state to operate under a "balanced budget" philosophy, but establishes that doctrine in much simpler language. Although the state may have trouble operating in the black, since it can only estimate the amount of revenues coming in any budget period, this section requires the legislative assembly to stay within those estimated limits when it appropriates funds.

Section 10. The legislative assembly shall enact limits of indebtedness for subdivisions and districts of the state.

COMMENTS

This proposed section leaves the question of local government indebtedness, and limits on that indebtedness, up to the legislative assembly. This broad grant of authority is utilized because of the uncertain nature of any fixed debt limitation.

The legislature should be free to encourage economic development in local government units. The history of the last 80 years indicates that the legislature has been frugal in empowering local government indebtedness. The proposed provisions restores that control. The proposed section would leave the legislature free, if it so decided, to pledge the full faith and credit of local government units

1 to back indebtedness. Such a pledge should result in
2 lower interest rates and a savings to the people of
3 Montana.

4 Section 11. All money borrowed by or on behalf of
5 the state, or any subdivision or district of the state,
6 shall be used only for the purpose or purposes specified
7 in the law authorizing the loan.

COMMENTS

This section is practically identical to Article XIII, Section 3. The section guarantees accountability and proper management of borrowed funds, and should prevent misuse or diversion of that money. The section is self-explanatory and is an important guarantee for the people.

Section 12. The legislative assembly shall enact the necessary laws to insure strict accountability of all revenues received and money spent by the state, subdivisions and districts thereof.

COMMENTS

The proposed section, though broad in scope, covers the same ground as the present detailed sections 13 and 14 of Article XIII. It also conveys the intent of "specific appropriations" required by Section 10. The importance of accountability for state revenues is not diminished--indeed, that rationale is given constitutional status in this proposed section. But the details of accounting, procedures, deposits, cash flow, reporting requirements, etc., have to be left to the legislative assembly. The constitution simply cannot anticipate changes in the accounting and monetary fields. The computerized techniques presently utilized by

the state were beyond the wildest dreams of the 1889 framers. The need for detailed and consolidated reporting information also was not anticipated. The present constitutional provisions on deposits, cash flow and reporting are not adhered to.

The committee recommends that the legislature take immediate steps to establish unified accounting procedures for all governmental units in the state. Though statutory in nature, the committee feels the importance of such a program is essential to proper accounting and data functions.

Section 13. The legislative assembly shall provide for a unified investment program for public funds and prescribe the rules and regulations therefor, including the supervision of investment of surplus funds of all subdivisions and districts of the state. The separate existence and identity of each and every fund involved as a part of the unified investment program shall be strictly maintained. An audit of the investment program shall be conducted at least annually and submitted to the governor, legislative assembly and chief justice of the supreme court.

COMMENT

The proposed section on investments replaces all of Article XXI in the present constitution. Most of the provisions in that article are obsolete--in fact, if the public school fund had not been added to the Montana Trust and Legacy Fund in 1938, the article would have no effect whatever. The proposed section stresses the importance of a unified investment program for public funds. Such a program has been sought in Montana since 1924, and has only recently been accomplished through Executive Reorganization.

1 The committee feels that the importance of unity, professional
2 treatment and supervision of public fund investments should
3 be stressed at the constitutional level. Because public
4 money is such an important trust for the people of Montana,
5 the investment program should be audited at least annually.

6 The sentence on separate identity of funds in the
7 public fund investment program was added to insure proper
8 distribution of interest to the individual funds. Although
9 public funds should be invested as a unit to insure a larger
10 return, the interest from that unified program should be
11 distributed on a pro rata basis, depending on the size of
12 the individual funds. The "separate fund" sentence should
13 insure that distribution.

14 The regulation and limitation of the investment program,
15 and the administrative structure of the investment program,
16 is left up to the legislative assembly.

17 At least two restrictions on the investment program
18 will remain in force in the constitution. Those provisions,
19 in Article XI and the Enabling Act, deal with land grant
20 money.

21 The legislature is best equipped to make decisions
22 concerning investment opportunities for state money. The
23 obsolete nature of Article XXI illustrates the futility
24 of trying to proscribe an investment program and investment
25 details at the constitutional level. The scope of the
26 legislature's supervision should also include surplus funds
27 at the local level. Although the legislature may well
28 leave the handling and investment of such funds in the
29 hands of local governments, its supervisory powers will
30 insure their careful handling and treatment.

Section 14. A special levy may be made on livestock and agricultural commodities for the purpose of disease control and indemnification, predator control, livestock inspection and protection, agricultural inspection and protection, livestock and agricultural commodity research and promotion.

COMMENTS

The proposed language retains the intent of section 9 regarding livestock mill levies, and expands the permissible list of industries and uses for such a statewide levy. The levies are not a pure earmark. They are more of a bookkeeping and accounting procedure.

The provision, in explicit terms similar to present section 9, is no longer necessary. The uniformity clause has been removed from the proposed Article; and the statewide property tax limit has also been deleted. But the importance of agriculture to the Montana economy should not be underestimated--in fact, it should be emphasized.

19 The committee also thought it should encourage tax-
20 payers who are willing to bear the burden of a tax to
21 improve the economic future of their industry.

1 COMMITTEE ON REVENUE AND FINANCE

2 MINORITY PROPOSAL 1

3 BE IT PROPOSED:

4 That the following be substituted for Section 5 of
5 the Majority Proposal entitled "Property Tax Exemptions":

6 *The property of the United States, the state, counties,
7 cities, towns, school districts, municipal corporations, and
8 public libraries may be exempt from taxation, but any private
9 interest in such property may be taxed separately.*

10 *Property used exclusively for educational purposes;
11 places for actual religious worship; hospitals and places of
12 burial not used or held for private or corporate profit;
13 institutions of purely public charity, household goods and
14 furniture, wearing apparel, and other personal property used
15 by the owner for personal and domestic purposes; cash and
16 accounts receivable; dwellings and personal property of
17 totally service-connected disabled veterans; dwellings used
18 for residential purposes; evidences of debt secured by
19 mortgages of record upon real or personal property in the
20 state of Montana; the stocks of any company or corporation
21 when the property of such company or corporation repre-
22 sented by such stocks is within the state and has been taxed,
23 may be exempt from taxation.*

24 *The legislative assembly may authorize creation of
25 special improvement districts for capital improvements,
26 maintenance of capital improvements and the assessment of
27 charges therefor, against tax exempt property directly
28 benefited thereby.*

29 M. K. McLean
30 McDonald

Wm H. Berg

1 COMMENTS

2 The minority report is in complete disagreement with
3 all references in the rationale of the majority report
4 stating that all property may be exempted from tax by the
5 legislature. We have faith in the legislative process but
6 are of the opinion that this is "opening the door too wide."
7 In our opinion, as upheld by court decisions, only the items
8 of property listed above are eligible to tax exemption by
9 the legislative process.

10 We agree that it is easier to enforce collection of
11 taxes on some property than it is on other property but
12 cannot consider this as a sufficient reason for removal of
13 this type of property from the tax rolls. The Internal
14 Revenue Service has developed procedures for ferreting out
15 income from cash transactions. We submit that the tax de-
16 partment of Montana should be able to develop adequate
17 techniques despite the fact that local government author-
18 ties have been negligent for many years.

19 We also submit that tax equity requires that if certain
20 income producing property is taxed, then all income producing
21 property should be taxed. It is not equitable to tax \$10,000
22 of equipment which produces income subject to income tax and
23 at the same time eliminate \$10,000 of investments (e.g. tax-
24 exempt securities) the income of which is not subject to
25 income taxes.

26 We also submit that if the legislature should acquies
27 to pressures to eliminate stock and bond investments from
28 property taxation because of the so-called problems of
29 assessment a severe injustice will be imposed on lower in-
30 come citizens to the benefit of more affluent citizens.

1 We cannot imagine the delegates of the Convention condoning
2 such an inequity.

3 We justify the addition of the following items to the
4 permissive list:

5 1) Household goods and furniture, wearing apparel,
6 and other personal property used by the owner for personal
7 and domestic purposes:

8 a. Recommended by Delegate Felt proposal #161.

9 b. Testimony received indicated that costs of
10 collections are in many instances equal to tax received.

11 c. Property does not produce income.

12 2) Cash and accounts receivable.

13 a. Recommended by Delegate Felt proposal #161.

14 b. Not necessarily income producing.

15 c. We agree that the term accounts receivable
16 is very broad but have confidence that the legislative
17 assembly in its wisdom will develop legislation that will
18 not violate the underlying principle that all income pro-
19 ducing property should be subject to property tax if any
20 income producing property is subject to property tax.

21 3) Dwelling and personal property of totally service-
22 connected disabled veterans.

23 a. The committee had testimony that there are
24 approximately 99,000 veterans of which approximately 387
25 would be eligible for this tax relief.

26 b. We submit that this tax exemption is certainly
27 justified when the mental picture of what total disability is
28 is considered.

29 4) Dwellings used for residential purposes.

30 a. Dwellings do not produce income.

1 b. It is realized that the elimination of
2 dwellings from the tax rolls could cause a terrific upheaval
3 in revenues produced from property taxes on the local level.
4 This is a decision which has been left to the judgment of
5 the legislature by the permissive nature of this section.

6 5) Evidences of debt secured by mortgages of record
7 upon real or personal property in the state of Montana.

8 a. Eliminates double taxation.

9 b. Contained in Article XII, Section 2, of
10 current constitution.

11 6) The stocks of any company or corporation when the
12 property of such company or corporation represented by such
13 stocks is within the state and has been taxed.

14 a. Eliminates double taxation.

15 b. Contained in Article XII, Section 17, of
16 current constitution.

17

18

19

20

21

22

23

24

25

26

27

28

29

30

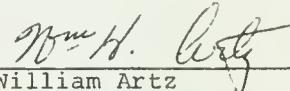
1 COMMITTEE ON REVENUE AND FINANCE

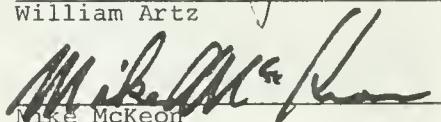
2 MINORITY PROPOSAL 2

3 BE IT PROPOSED:

4 That the following be substituted for Section 13
5 of the Majority Proposal entitled "Investment of Public Funds":

6 *The legislative assembly shall provide for a unified*
7 *investment program for public funds and prescribe the rules*
8 *and regulations therefor, including the supervision of in-*
9 *vestment of surplus funds of all subdivisions and districts*
10 *of the state. The separate existence and identity of each*
11 *and every fund involved as a part of the unified investment*
12 *program shall be strictly maintained. With the exception*
13 *of monies contributed by individuals to retirement funds,*
14 *no public funds shall be invested in private corporate*
15 *capital stock.*

16 
17 William Arzt

18 
19 Mike McKeon

20 
21 Maurice Driscoll

22 COMMENTS

23 We submit that criteria for investment of public
24 trust funds should be more stringent than the criteria for
25 investment of private funds.

26 We believe that priorities should be in this order:

- 27 1) Security.
- 28 2) Funds should be invested in Montana as much as
29 possible.
- 30 3) Return on investment.

1 Much of the testimony presented indicated that emphasis
2 was being placed on return on investment rather than security.
3 As an example: "You don't find the big red apples next to
4 the trunk of the tree--you find them near the end of the
5 limb." We are opposed to gambling with state funds and
6 taking a chance that the limb might break.

7 Testimony has been offered that the stock market will
8 act as an offset to inflation. We offer that money invested
9 at 5 3/4% for 12 years can double.

10 The following communication was received from a large
11 organized group of citizens: "We confess a lack of expertise
12 in suggesting adequate safeguards in the constitution to
13 govern the legislature on drafting liberalized investment
14 laws. We do see danger inherent in such liberalized laws
15 and hope that committee deliberations and convention de-
16 bate will develop 'behind the record' guidelines for the
17 legislature to follow in liberalizing the investment laws
18 regulating the investment of public funds."

19 We feel that the pressures exerted on the committee
20 to permit investment in the stock market will be continued
21 indefinitely unless our restriction is incorporated in the
22 constitution. Therefore, with a deep concern for the
23 safety of present and future public trust funds, we earnestly
24 recommend that favorable consideration by the delegates be
25 given to this minority report.

26 We also wish to bring to your attention that ownership
27 of voting stock of a private corporation constitutes govern-
28 ment ownership of private property--a form of socialism. We
29 also question the propriety of the state voting the stock of
30 a private corporation for a variety of obvious reasons. But

1 foremost is the risk involved in trusting our state funds to
2 the caprice of a volatile market. It is with these consider-
3 ations in mind that we reject the majority proposal and submit
4 the above minority proposal.

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

APPENDIX A

ROLL CALL VOTE ON MAJORITY PROPOSAL

Member	Section	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Y	N	A	
Artz		Y	Y	Y	Y	N	N	Y	Y	Y	Y	Y	N	Y	N	Y	N	11	4	0
Berthelson		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	15	0	0
Drum		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	15	0	0
Furlong		Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	11	4	0
McDonough		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	14	1	0
McKeon		Y	Y	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	10	5	0
Wagner		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	15	0	0
Rygg		Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	12	3	0
Driscoill		Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	12	3	0

Total-----Yea	9	9	9	5	7	7	9	9	9	9	9	9	9	9	9	6	6	3
Nay	0	0	0	0	4	2	2	0	0	0	0	0	0	0	0	3	3	6
Absent	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

APPENDIX B

PROPOSALS CONSIDERED BY COMMITTEE

The following delegate proposals were examined and considered by the Revenue and Finance Committee during its deliberations:

<u>Number of proposal</u>		<u>Chief Sponsor</u>	<u>Subject Matter</u>	<u>Disposition</u>
1.	11	Virginia Blend	No property taxes for public schools	Indefinitely Tabled
2.	16	Virginia Blend	Earmarking	Rejected
3.	23	Virginia Blend	No property taxes for welfare	Indefinitely Tabled
4.	35	Mae Nan Robinson	Preferential Taxation	Adopted in Part
5.	37	Donald Foster	Earmarking	Rejected
6.	46	Mike McKeon	School Financing	Adopted in Part
7.	80	John Toole	Anti-Diversion Amendment	Adopted in Part
8.	109	Robert Kelleher	\$1 of income tax to party of choice	Rejected
9.	66	John Schiltz	Tax exemptions on Motor Vehicles	Adopted in Part
10.	72	Thomas Ask	Repeal of Section 3, Article XII	Adopted
11.	119	Magnus Aasheim	Earmarking	Rejected
12.	161	James Felt	New Taxation article	Adopted in Part
13.	173	Jerome Loendorf	Tax exemptions for disabled veterans	Minority Report

APPENDIX C

WITNESSES HEARD BY COMMITTEE

1. Don Gibson - County Commissioner - Glendive - County debt limitations.
2. Burt Hurwitz - Association of County Commissioners - White Sulphur Springs - County debt limitations.
3. Doyle Saxby - Director, Department of Administration - Helena - Montana Trust and Legacy Fund.
4. James R. Howeth - Investment Officer, Board of Investments - Helena - Montana Trust and Legacy Fund.
5. Paul Caruso - Chairman, Board of Investments - Helena - Montana Trust and Legacy Fund.
6. Ted Schwinden - Commissioner, Department of Lands - Helena - Montana Trust and Legacy Fund.
7. James Carden - Industrial Accident Board - Helena Investment of funds.
8. Alton P. Hendrickson - Executive Secretary, Teachers Retirement System - Helena - Investment of funds.
9. Lawrence Nachtsheim - Public Employees Retirement System - Helena - Investment of funds.
10. William Scribner - Montana Automobile Dealers Association - Helena - Auto license fee in lieu of property taxation.
11. P. J. Gilfeather - State senator - Great Falls - Revenue and Finance in general.
12. A. W. Kamhoot - Delegate - Forsyth - Taxation of mines and mineral interests.
13. Dan Mizner - Montana League of Cities and Towns - Helena - Local government taxation provisions.
14. Ed Quinn - Anaconda Company - Butte - Taxation of mines and mineral interests.
15. P. L. MacDonald - Anaconda Company - Butte - Taxation of mines and mineral interests.

16. William Diehl - Economist - Helena - Revenue and finance in general.
17. Jean Anderson - Montana League of Women Voters - Billings - State aid to local governments.
18. S. Keith Anderson - Montana Taxpayers Association - Helena - Revenue and finance in general.
19. Margaret Warden - Delegate - Great Falls - Financing the Long Range Building Program.
20. Michael G. Billings - Superintendent of Public Instruction office - Helena - Revenue and finance provisions as they effect education.
21. Dean Zinnecker - Association of County Commissioners - Helena - County boards of equalization and county debt limitations.
22. Barrett Ward - President, Montana County Assessors Association - Sheridan County - County Assessors.
23. Chadwick Smith - Montana School Boards Association - Helena - School finance.
24. Lloyd A. Markell - Montana Education Association - Helena - School finance.
25. Keith Colbo - Director, Department of Revenue - Helena - Revenue and finance in general.
26. George B. Schotte - Montana Automobile Association - Helena - Anti-diversion provision.
27. Jack Rehberg - Secretary, Highway Users Federation - Billings - Anti-diversion provision.
28. J. Morley Cooper - Chairman, State Board of Equalization - Helena - State Board of Equalization.
29. John Alley - Member, State Board of Equalization - Helena - State Board of Equalization.
30. Ray Wayrynen - Member, State Board of Equalization - Helena - State Board of Equalization.
31. James T. Harrison -- Chief Justice, Montana Supreme Court - Helena - Montana Trust and Legacy Fund.
32. Mons Teigen - Montana Stockgrowers Association - Helena - Four-mill livestock levy.
33. Ralph Armstrong - County Commissioner - Bozeman - Property tax exemptions.

34. Bill Cheney - Executive officer, Livestock Commission - Helena - Four-mill livestock levy.
35. Torrey B. Johnson - Delegate - Busby - Four-mill livestock levy.
36. Cedor B. Aronow - Shelby - Delegate - Net Proceeds tax.
37. Don Roberts - Cardinal Petroleum Co. - Billings - Net Proceeds Tax.
38. Lee McCartney - High Crest Oils, Inc. - Havre - Net Proceeds Tax.
39. Clay McCartney - Chinook - Businessman - Net Proceeds Tax.
40. Ward Shanahan - Attorney representing Carroll College Board of Trustees - Helena - Article XII.
41. William C. Hollenbaugh - Professor of Forestry, University of Montana - Missoula - Property taxation.
42. Representative Robert Watt - Montana Student Presidents' Association - Missoula - General Taxation.
43. Vern Miller - State Board of Equalization - Helena - Railroad Land Holdings.
44. G. Dean Reed - Deputy Legislative Auditor - Helena - Functions of the Office of Legislative Auditor.
45. John Toole - Delegate - Missoula - Proposal #80 - Amendment to Anti-diversion Provision.
46. Virginia Blend - Delegate - Great Falls - Proposal #16 - Prohibition of Earmarking.
47. Jim Stephens - President, Montana Grain Growers Association - Dutton - Article XII, Section 9.
48. Donald Foster - Delegate Lewistown - Proposal #37 - Earmarking.
49. Thomas Ask - Delegate - Roundup - Proposal # - Deletion of Section 3 of Article XII.
50. James Felt - Delegate - Billings - Article XII, Section 3.
51. Robert Corette - Attorney, Western Energy Company - Butte - Article XII, Section 3.
52. P. L. MacDonald - Anaconda Company - Butte - Article XII, Section 3.

53. Ed Quinn - Anaconda Company - Butte - Article XII, Section 3.
54. Fred Wetzsteon - Montana Farm Bureau - Sula - Retention of Anti-diversion Amendment.
55. Senator William Bertsche - Great Falls - Amendment to the Anti-diversion Provision.
56. F. H. Boles - Kalispell Chamber of Commerce - Retention of Anti-diversion Amendment.
57. Gene Gillette - Conrad National Bank - Kalispell - Retention of Anti-diversion Amendment.
58. Bud Manion - Manion's - Kalispell - Retention of Anti-diversion Amendment.
59. Cecil Hudson - Chamber of Commerce - Columbia Falls - Retention of Anti-diversion Amendment.
60. Dan Mizner - Executive Director, Montana League of Cities and Towns - Helena - Retention of Anti-Diversion Amendment.
61. Dean Zinnecker - Executive Secretary, Montana Association of County Commissioners - Helena - Retention of Anti-diversion Amendment.
62. Harry Billings - Montana AFL-CIO - Helena - Retention of Anti-diversion Amendment.
63. Edward A. Gill - Powell County Economic Commission - Deer Lodge - Retention of Anti-diversion Amendment.
64. Del Stewart - Montana Chamber of Commerce - Helena - Retention of Anti-diversion Amendment.
65. Richard Roeder - Delegate - Bozeman - Against Retention of Anti-diversion Amendment - Against Earmarking.
66. Ralph Dreyer - University of Montana - Missoula - Against Earmarking.
67. Dorothy Eck - Delegate Bozeman - Against Earmarking.
68. Representative Terry Murphy - Rancher - Cardwell - Against Earmarking.
69. Representative Larry Fasbender - Rancher - Fort Shaw - General Taxation.
70. Todd Lindberg - President, Montana Society of CPA's - Helena - Auditing of State Investments.

71. Howard Gaare - Montana Society of CPA's - Great Falls - Auditing of State Investments.
72. Gary F. Demaree - Montana Society of CPA's - Helena - Auditing of State Investments.
73. Joseph Loendorf - Montana Society of CPA's - Helena - Auditing of State Investments.
74. Jack Stevens - Montana Society of CPA's - Great Falls - Auditing of State Investments.
75. Stone Paulson, Jr. - Montana Society of CPA's - Great Falls - Auditing of State Investments.
76. Magnus Aasheim - Delegate - Antelope - Proposal #119 - Special Levies.
77. Max Conover - Delegate - Billings - Proposal #119 - Special Levies.
78. Jerome Loendorf - Delegate - Helena - Proposal #173 - Tax Exemptions for Totally Disabled Veterans.
79. John Cadby - Executive Secretary, Montana Automobile Dealers Association - Helena - Proposal #66 - Fee System of Registration for Motor Vehicles.
80. Mons Teigen - Executive Secretary, Montana Stockgrowers Association - Helena - Retention of Livestock Mill Levy.
81. William Cheney - Executive Officer, Livestock Commission - Helena - Retention of Livestock Mill Levy.
82. Archie Wilson - Delegate - Hysham - Retention of Livestock Mill Levy.
83. Douglas Delaney - Delegate - Grass Range - Retention of Livestock Mill Levy.
84. Wesley W. Wertz - Attorney - Helena - General Finance and Taxation.
85. Mayor Laurence Bjorneby - Kalispell - In support of Romney Draft of Revenue and Finance Article.
86. Mrs. John Nelson Hall - President, Great Falls City Council - Great Falls - In support of Romney Draft of Revenue and Finance Article.
87. Mayor John McLaughlin - Great Falls - In support of Romney Draft of Revenue and Finance Article.
88. Ward Shanahan - Attorney representing Carroll College Board of Trustees - Helena - Amendment to Section 5 of Rough Draft.

89. Paul Keller - Chancellor of Montana Episcopal Diocese - Helena - Amendment to Section 5 of Rough Draft.
90. Leo Walchuk - Comptroller, Carroll College - Helena - Amendment to Section 5 of Rough Draft.
91. Keith Anderson - Executive Vice President, Montana Tax-payers Association - Helena - Revenue and Finance Rough Draft.
92. Dave Smith - Executive Secretary, Montana Woolgrowers Association - Helena - Revenue and Finance Rough Draft.
93. Dan Mizner - Executive Director, Montana League of Cities and Towns - Revenue and Finance Rough Draft.
94. John Frankino - Director, Montana Catholic Conference - Helena - Revenue and Finance Rough Draft.
95. Chadwick Smith - Attorney, Montana School Boards Association and Montana Hospital Association - Amendment to Section 5 of Rough Draft.
96. Rod Gudgel - Montana Nursing Home Association - Helena - Support of Mr. Smith's Amendment to Section 5 of Rough Draft.
97. Robert Kelleher - Delegate - Billings - Proposal #119 - \$1 of state income tax return to be donated to party of person's choice.
98. Hank Deschenes - Missoula Chamber of Commerce - Missoula - Proposal #35 - Preferential Taxation.
99. David J. Maclay - Missoula - Proposal #35 - Preferential Taxation.
100. Roy Seiffert - Veteran's Council of Montana - Helena - Proposal #173 - Tax Exemptions for Totally Disabled Veterans.
101. Donald Gottwig - Disabled American Veterans - Helena - Amending Proposal #173 - Tax Exemptions for Totally Disabled Veterans.
102. James Felt - Delegate - Billings - Proposal #101 - Revenue and Finance in general.
103. Jack Crosser - Deputy Director, Department of Administration - Helena - State Investments.
104. P. L. MacDonald - Anaconda Company - Butte - Retention of Net Proceeds Tax.

105. Vern Miller - State Board of Equalization - Helena - Appraising and Assessing of Property.
106. Cedor Aronow - Delegate - Shelby - Delete Section 3 of Article XII.
107. Harry Benjamin - Shelby - Article XII, Section 3.
108. George McGrath - Silver Bow County - Butte - Retain Net Proceeds Tax.
109. Shag Miller - President, Butte Chamber of Commerce - Butte - Retain Net Proceeds Tax.
110. Thomas Joyce - Delegate - Butte - Delete Section 3 of Article XII and have an "in lieu" tax to be averaged out over the year.
111. Mayor M. A. Micone - Butte - Retain Net Proceeds Tax.
112. Lawrence G. Stimatz - County Attorney - Silver Bow County, Butte - Retain Net Proceeds Tax.

APPENDIX D

ROLL CALLS ON MINORITY PROPOSAL



